Claims

1. (currently amended) A system methodology and procedure that extracts root products and transforms that to a generic product, containing:

   Means for building taxonomy for manufacturing sectors;
   means for generating taxonomy of sector products based on Pareto's Distribution Law;
   means for extracting root products in a manufacturing sector
   means for developing generic specifications for root products;
   means for compiling products pricing and marketing information;
   means for storing, comparing, unifying and updating product specifications.

Riley et al. (6,633,788) claim 1: "A method of optimizing an industrial procedure for a product, using a database comprising: (a) generic product descriptions of product physical and/or functional elements and associated properties, (b) generic descriptions of processing elements and capabilities in relation to the procedure".

Response:

The concept of *optimizing* an industrial procedure for a product as stated by Riley et al, is not the same as tracing a system to subsystem down to root product that have commonality among all producers. The purpose for which Riley et al. have devised a "generic product" is strictly to model, or benchmark a product specification; enabling the user to select "the specific product information based on certain requirements such as desired levels of efficiency of performance, specific dimensional tolerances of a physical product, acceptable levels of risk and/or a maximum duration for the procedure to be carried out for the product".

a) *Riley et al* exemplifies their invention: "multi-stage compressor for an aero engine, at some stage the system will be used to generate a complete procedure description, e.g., for manufacture of the product, treating the compressor as a single component, the duration of activities making up the procedure being derived on the basis of an assigned complexity of the compressor as a whole." Plainly describes that the idea is merely to allow an orderly classification of catalog-style products produced by manufacturers.

The applicant's present invention utilizes the spirit of taxonomy to extract the root product based on the *least* value-added, in a given sector and sub-sector, as the underlying of a financial instrument.

b) Applicant's claim 1: "Means for root product extraction" cannot be interpreted or associated with products whose specification has complex value-added, or containing proprietary formula. As an example, a microprocessor manufactured by Intel or AMD can not be considered or extracted as root product.

c) na

d) Applicant's use of the word generic differs from Riley et al describing a modeled specification. The root product can be generic, in the sense that it is fully interchangeable based on the known value- added. In other words, the word generic is necessary, but not sufficient for a product to be "fungible" which is a distinct property of a fully interchangeable product as far as the supplier is concened..

e) na

f) Storing and updating of information refers not to general specifications, as stated by Riley et al, but to specific data such as manufacturing date of production, obsolescence, new production batch, and other makers revisions.

Rushton et al have demonstrated an application for Pareto's Distribution Law, namely logistics and distribution. Applicant's claim of generating a sector- specific product, utilizes taxonomy in the context of an application of Pareto's Distribution Law. ensuring that the particular sector distribution profile is consistent (with each other), in terms of global supply and demand as required for fungiblity. Applicantt does not claim Pareto' Distribution Law *per se*.

McClendon et al state in their "summary of invention" "The present invention provides systems and methods for identifying and organizing construction product information in such a way that product data sets can be readily defined and recorded, quickly searched and compared, and accurately transmitted among software applications and translated into the form needed without the need for human intervention or interpretation.." Furthermore: "systems and method" is strictly for enabling the user to compare and select the (construction) product for purpose of eventual purchase. This is a tool for supply chain management and as such involves estimation of cost.

The concept of *identifying and organizing construction product information* for a product is not the same as analyzing a system to subsystem down to root product. The purpose for extracting root product is for eventual commoditization. Marketing information and pricing relates to market intelligence, that includes the size of the market, the scope of supply and demand as well as historical price movements. The information is analyzed for qualifying an extracted root product as financial instrument, a fungible product. There is no cost estimation involved here because it is not part of supply chain.

2. (currently amended) The system of claim 1, wherein said taxonomy for manufacturing sector, allows products to be systematically grouped based on manufacturing process.

3. (currently amended) The system of claim 2, wherein said group of products are further detailed to identify sub-group products.

4. (currently amended) The system of claim 3, wherein said subgroup of products are repeatedly detailed until root products are identified.

Riley et al approach to specification and generic terminology presupposes a model (generic) specification based on which components of a system are classified.

Applicant's claims 2, 3 and 4 are series of systematic search for component "breakdown" based on finite and defined value –added to facilitate root extraction process. These claims also incorporate Pareto's Distribution Law as each process is completed to evaluate its market potential.

5. (currently amended) The system of claim 1, wherein said generic specification consists of compiling specifications for products . including information on producers and suppliers of products.

McClendon et al. "compiling specification and information for products" refers to routine collection of product information as in electronic catalog.

Applicant's claim refers to product as root product and information on supplier is meant to be market research data such as product market share, historical data on supply and demand as well as the financial health of suppliers.

6. (currently amended) The system of claim 1, wherein said market demand for sector products is evaluated by applying Pareto's distribution Law.

7. (currently amended) The system of claim 6, wherein a procedure determines market share of products.

Rushtonn et al. has described how the Pareto's Distribution Law is applied to logistic and distribution.

Applicant's Claims 6 and 7 utilize Pareto's Distribution Law for purpose of market potential evaluation. The claim is not about Pareto's Law *per se*.

8. (currently amended) The system of claim 1, wherein all relevant specifications of products are stored.

9. (currently amended) The system of claim 8, wherein a procedure compares and selects products with a similar specifications .

10. (currently amended) The system of claim 9, wherein the specification of root products are unified to produce a generic specification

11. (currently amended) The system of claim 8, wherein a procedure, updates all specifications.

Riley et al claim states "...database comprising: (a) generic product descriptions of product physical and/or functional elements and associated properties, (b) generic descriptions of processing elements and capabilities in relation to the procedure, and a series of rules relating to (a) and (b); specific product information being provided in terms of said generic product descriptions, including product constraints in terms of said associated properties, and the rules being operated to derive for the specific product information, from the data of (a) and (b)"

Applicant's claims 8-11 refer to root products for which specifications are generically the same. A typical example in semiconductor industry is one-megabit Dynamic Random Access Memory (DRAM), or a 12-inch diameter wafer plate. The idea here is to select specific information for a select number of root products that are highly homogeneous. They include basic physical properties and memory organization as well as certain test performance.

12. (currently amended) The system of claim 1, wherein a procedure collects, stores and updates products pricing data.

McClendon, et al. The pricing data as stated refers to competitive quotes (for example construction) products for estimating purposes.

Applicant's Claim is about building historical price movements that are of statistical significance, a key criterion for designating the root product as a financial instrument.

13. (currently amended) The system of claim 5 wherein said information includes product manufactured date.

Riley et al, Rushton et al, Perkowski- no specific reference

Applicant's claim refers specifically to manufacturing data which is not publicly available and its significance is in possible delisting of the product in case of potential obsolescence

14. (currently amended) The system of claim 1 wherein, updated specification is attached to product pricing.

McClendon, et al- No specific reference

Applicant's claim relates to an electronic trading system where these root products are traded. The information must be available on screen for trade execution. As trader selects a product with a market price that must specify what the contract and its specification provides. This transparency of information is critical in an electronic trading environment.

15. (currently amended) System of claim 14, wherein the root product with the attached generic specification comprises a generic product.

Riley et al- no specific reference

Applicant's Claim refers to the root product for which being generic is necessary but not sufficient.